

SENATE BILL No. 298

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-4.

Synopsis: Taxation of military pensions. Allows a deduction from adjusted gross income for military retirement benefits converted to federal civil service retirement benefits.

Effective: January 1, 2008.

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January 11, 2007, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 298

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3-2-4 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JANUARY 1, 2008]: Sec. 4. **(a)** Each taxable year, an
3 individual, or the individual's surviving spouse, is entitled to an
4 adjusted gross income tax deduction for the first two thousand dollars
5 (\$2,000) of income, including retirement or survivor's benefits,
6 received during the taxable year by the individual, or the individual's
7 surviving spouse, for the individual's service in an active or reserve
8 component of the armed forces of the United States, including the
9 army, navy, air force, coast guard, marine corps, merchant marine,
10 Indiana army national guard, or Indiana air national guard. However,
11 a person who is less than sixty (60) years of age on the last day of the
12 person's taxable year, is not, for that taxable year, entitled to a
13 deduction under this section for retirement or survivor's benefits.
14 **(b) If an individual:**
15 **(1) is entitled to retirement benefits for the individual's**
16 **service in an active or reserve component of the armed forces**
17 **of the United States; and**

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1 (2) converts the benefits to which the individual is entitled
2 from the armed forces retirement system to the federal civil
3 service retirement system;
4 the individual is entitled to a deduction equal to the amount
5 determined under subsection (c).

6 (c) A deduction allowed under subsection (b) is equal to the
7 lesser of:

- 8 (1) the amount of the individual's retirement benefit
9 converted from the armed forces retirement system to the
10 federal civil service retirement system for the taxable year; or
11 (2) two thousand dollars (\$2,000).

12 (d) To claim a deduction under subsection (b), an individual
13 must submit a certified statement on a form prescribed by the
14 department of state revenue that states the amount of the
15 individual's retirement benefits that were received:

- 16 (1) during the individual's taxable year; and
17 (2) for the individual's service in an active or reserve
18 component of the armed forces of the United States.

19 SECTION 2. [EFFECTIVE JANUARY 1, 2008] IC 6-3-2-4, as
20 amended by this act, applies only to taxable years beginning after
21 December 31, 2007.

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